

TOWNSHIP OF QUINCY  
(BRANCH)  
FINANCIAL STATEMENTS

MARCH 31, 2004

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>TOWNSHIP OF QUINCY</b>	County <b>BRANCH</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>11/19/04</b>	Date Accountant Report Submitted to State: <b>12/8/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Accounting Manual for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>RUMSEY &amp; WATKINS, P.C.</b>			
Street Address <b>20 TIBBITS PLAZA</b>		City <b>COLDWATER</b>	State <b>MI</b>
		ZIP <b>49036</b>	
Accountant Signature <i>Rumsey &amp; Watkins, P.C.</i>		Date <b>12/8/2004</b>	

# C O N T E N T S

	<u>Page</u>
<b>GENERAL PURPOSE FINANCIAL STATEMENTS</b>	
Independent auditors' report	1
Combined Statements:	
All Fund Types and Account Groups:	
Combined balance sheet	2
All Governmental Fund Types:	
Combined statement of revenues, expenditures and changes in fund balance	3
General and Special Revenue Funds:	
Combined statement of revenues, expenditures and changes in fund balance compared to budget	4
Cemetery Perpetual Care Fund:	
Statements of net earnings and fund balance	5
Statements of cash flows	6
Notes to financial statements	7
<b>ADDITIONAL INFORMATION</b>	
Independent auditors' report on additional information	15
General Fund:	
Statement of expenditures compared to budget	16
Fiduciary Fund Types:	
Combining balance sheet	20
Agency Fund:	
Statement of changes in assets and liabilities	21
Tax Collection Fund:	
Statement of changes in assets and liabilities	22

# Rumsey & Watkins, P.C.

Certified Public Accountants and Business Advisors

20 Tibbits Plaza • Coldwater, Michigan 49036  
Phone (517) 279-7931 • FAX (517) 278-7087

November 19, 2004

To the Supervisor and  
Members of the Township Board  
Township of Quincy  
Branch County, Michigan

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying general purpose financial statements of the Township of Quincy as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Quincy as of March 31, 2004, and the results of its operations and cash flows of its nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

  
RUMSEY & WATKINS, P.C.

TOWNSHIP OF QUINCY  
ALL FUND TYPES AND ACCOUNT GROUPS  
COMBINED BALANCE SHEET  
MARCH 31, 2004

ASSETS

	GOVERNMENTAL FUND TYPES	
	General	Special Revenue
Cash	\$ 212,318	\$ -
Investments	207,903	-
Taxes receivable	9,998	-
Special assessment receivable	14,936	-
Due from other funds	104	-
Property, building and equipment	-	-
Restricted assets:		
Cash	-	42,436
Investments	-	8,687
Note receivable	-	22,988
Total assets	<u>\$ 445,259</u>	<u>\$ 74,111</u>

LIABILITIES AND FUND EQUITY

LIABILITIES

Due to other funds	\$ -	\$ -
Due to other governmental units	45	-
Due to pension plan	-	-
Deferred revenue	14,001	-
Total liabilities	<u>14,046</u>	<u>-</u>

FUND EQUITY

Investment in general fixed assets	-	-
Fund balance:		
Reserved	-	74,111
Unreserved	431,213	-
Total fund equity	<u>431,213</u>	<u>74,111</u>
Total liabilities and fund equity	<u>\$ 445,259</u>	<u>\$ 74,111</u>

See accompanying notes to financial statements

FIDUCIARY FUND TYPES	ACCOUNT GROUPS	TOTALS (MEMORANDUM ONLY)	
Trust and Agency	General Fixed Assets	March 31, 2004	2003
\$ 110	\$ -	\$ 212,428	\$ 173,635
-	-	207,903	199,310
-	-	9,998	11,494
-	-	14,936	23,170
-	-	104	81
-	532,251	532,251	508,330
2,933	-	45,369	34,024
78,700	-	87,387	87,092
-	-	22,988	32,883
<u>\$ 81,743</u>	<u>\$ 532,251</u>	<u>\$1,133,364</u>	<u>\$1,070,019</u>

\$ 104	\$ -	\$ 104	\$ 81
6	-	51	14
-	-	-	197
-	-	14,001	22,178
<u>110</u>	<u>-</u>	<u>14,156</u>	<u>22,470</u>
-	532,251	532,251	508,330
81,633	-	155,744	153,999
-	-	431,213	385,220
<u>81,633</u>	<u>532,251</u>	<u>1,119,208</u>	<u>1,047,549</u>
<u>\$ 81,743</u>	<u>\$ 532,251</u>	<u>\$1,133,364</u>	<u>\$1,070,019</u>

**TOWNSHIP OF QUINCY**

**ALL GOVERNMENTAL FUND TYPES  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED MARCH 31, 2004**

	<b>GOVERNMENTAL FUND TYPES</b>	
	<b>General</b>	<b>Special Revenue</b>
<b>REVENUES</b>		
Taxes	\$ 87,091	\$ -
Tax administration fee	27,774	-
Special assessments	11,458	-
Licenses and permits	21,856	-
State shared revenue	185,354	-
Charges for services	2,737	-
Interest earned	10,062	2,619
Reimbursements	6,334	-
Other	6,010	-
Total revenues	358,676	2,619
<b>EXPENDITURES</b>		
General government	181,774	-
Public safety	104,512	-
Public works	16,222	-
Cultural	14,675	-
Total expenditures	317,183	-
Excess of revenues over expenditures	41,493	2,619
<b>OTHER SOURCES</b>		
Transfers from other funds	4,500	-
Excess of revenues and other sources over expenditures	45,993	2,619
<b>FUND BALANCE - BEGINNING</b>	385,220	71,492
<b>FUND BALANCE - ENDING</b>	\$ 431,213	\$ 74,111

See accompanying notes to financial statements

**TOTALS**  
**(MEMORANDUM ONLY)**

Year Ended March 31,	
2004	2003
\$ 87,091	\$ 94,942
27,774	27,987
11,458	11,089
21,856	22,214
185,354	201,881
2,737	5,632
12,681	12,921
6,334	497
6,010	347
361,295	377,510
181,774	181,010
104,512	51,183
16,222	102,545
14,675	16,011
317,183	350,749
44,112	26,761
4,500	4,200
48,612	30,961
456,712	425,751
\$ 505,324	\$ 456,712



TOWNSHIP OF QUINCY

GENERAL AND SPECIAL REVENUE FUNDS  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE COMPARED TO BUDGET  
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	Budget	Actual	Over (Under) Budget
<b>REVENUES</b>			
Taxes	\$ 102,800	\$ 87,091	\$ (15,709)
Tax administration fee	25,000	27,774	2,774
Special assessments	19,270	11,458	(7,812)
Licenses and permits	20,300	21,856	1,556
State shared revenue	150,000	185,354	35,354
Charges for services	8,300	2,737	(5,563)
Interest earned	7,300	10,062	2,762
Reimbursements	500	6,334	5,834
Other	500	6,010	5,510
Total revenues	333,970	358,676	24,706
<b>EXPENDITURES</b>			
General government	166,201	181,774	15,573
Public safety	114,204	104,512	(9,692)
Public works	42,000	16,222	(25,778)
Cultural	11,565	14,675	3,110
Total expenditures	333,970	317,183	(16,787)
Excess of revenues over expenditures	-	41,493	41,493
<b>OTHER SOURCES</b>			
Transfers from other funds	-	4,500	4,500
Excess of revenues and other sources over expenditures	-	45,993	45,993
FUND BALANCE - BEGINNING	-	385,220	385,220
FUND BALANCE - ENDING	\$ -	\$ 431,213	\$ 431,213

See accompanying notes to financial statements

Budget	Actual	Over (Under) Budget
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	2,619	2,619
-	-	-
-	-	-
-	2,619	2,619
36,560	-	(36,560)
-	-	-
-	-	-
-	-	-
36,560	-	(36,560)
(36,560)	2,619	39,179
-	-	-
(36,560)	2,619	39,179
-	71,492	71,492
\$ (36,560)	\$ 74,111	\$ 110,671

TOWNSHIP OF QUINCY  
CEMETERY PERPETUAL CARE FUND  
STATEMENTS OF NET EARNINGS AND FUND BALANCE

	Year Ended March 31,	
	2004	2003
OPERATING REVENUES		
Contributions	\$ 400	\$ 1,600
NONOPERATING REVENUE		
Interest income	3,226	2,701
EARNINGS BEFORE TRANSFERS TO OTHER FUNDS	3,626	4,301
TRANSFERS FROM (TO) OTHER FUNDS	(4,500)	(4,200)
NET EARNINGS (LOSS)	(874)	101
RESERVED FUND BALANCE - BEGINNING	82,507	82,406
RESERVED FUND BALANCE - ENDING	\$ 81,633	\$ 82,507

See accompanying notes to financial statements .

TOWNSHIP OF QUINCY  
CEMETERY PERPETUAL CARE FUND  
STATEMENTS OF CASH FLOWS

	Year Ended March 31,	
	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Earnings from operations	\$ 400	\$ 1,600
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from (to) other funds	(4,500)	(4,200)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds (purchase) of investments	-	(50,400)
Interest income received	3,226	2,701
Net cash provided (used) by investing activities	3,226	(47,699)
NET INCREASE (DECREASE) IN RESTRICTED CASH	(874)	(50,299)
RESTRICTED CASH - BEGINNING	3,807	54,106
RESTRICTED CASH - ENDING	\$ 2,933	\$ 3,807

See accompanying notes to financial statements

TOWNSHIP OF QUINCY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Quincy conform to generally accepted accounting principles in the United States of America as applicable to governmental units. The following is a summary of the significant policies.

REPORTING ENTITY:

The Township operates under an elected board of five members and provides primarily fire protection and road maintenance and construction to the local residents. The general purpose financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. The criteria includes oversight responsibility, scope of public service and special financing relationships. There were no component units considered, under this criteria, to be included in these general purpose financial statements.

BASIS OF PRESENTATION:

The financial activities of the Township of Quincy are recorded in separate funds and account groups:

GOVERNMENTAL FUNDS

General Fund is the operating fund of the Township. It is used to account for all the Township's financial transactions not required to be accounted for in another fund.

Special Revenue Fund is used to account for proceeds of specific revenues that are legally restricted for special purposes.

FIDUCIARY FUNDS

Cemetery Perpetual Care, Agency, and Tax Collection Funds are used to account for assets held in trust or as an agent for others.

ACCOUNT GROUPS

General Fixed Assets Group of Accounts is used to account for all fixed assets of the Township used in its general operations.

TOWNSHIP OF QUINCY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED MARCH 31, 2004

NOTE A - SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF ACCOUNTING:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used by all funds except for the Cemetery Perpetual Care Fund. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, if measurable. The Cemetery Perpetual Care Fund uses the accrual basis of accounting.

BASIS OF BUDGETING:

The Township adopted their annual budgets based on the modified accrual method of accounting. Expenditures were estimated by the functional level. The Township did not include a beginning fund balance within the approved budgets. Once a budget is approved, it can be amended at the functional level. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are reflected in the official minutes of the Board, and are not made after year end as dictated by law. No budget amendments were made during the year ended March 31, 2004.

ENCUMBRANCE ACCOUNTING:

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year end and outstanding encumbrances at year end are reappropriated in the next year. No reservation of fund balance equal to outstanding encumbrances is required at March 31, 2004.

For the purposes of the Cemetery Perpetual Care Fund statements of cash flows, all highly liquid investments with a maturity date of three months or less, including restricted cash, when purchased are considered to be cash equivalents.

TOWNSHIP OF QUINCY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED MARCH 31, 2004

NOTE A - SIGNIFICANT ACCOUNTING POLICIES - Continued

General fixed assets are recorded as expenditures in the General Fund at the time of purchase. Such assets are capitalized at cost in the General Fixed Assets Group of Accounts. Infrastructure general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage and lighting systems, are not capitalized. No depreciation has been provided for general fixed assets.

The Township uses estimates and assumptions in preparing the general purpose financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures.

Total columns on the general purpose financial statements are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or cash flows in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation as interfund eliminations have not been made in the aggregation of this data.

TOWNSHIP OF QUINCY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED MARCH 31, 2004

NOTE B - CASH AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involve no more than 50 percent of any one fund; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

The Township has designated financial institutions for the deposit of Township funds and has authorized the investment in certificates of deposit. The accounts maintained are checking, savings and certificates of deposit and are in accordance with statutory authority. The interest rates of the checking and savings accounts are at variable daily rates. The certificates of deposit are currently earning interest at rates of 1.05% to 6.77%.

Investments consist of certificate of deposits with an original maturity date of greater than three months. The investments are carried at cost which approximates market value.

At March 31, 2004, the carrying amount of the Township's deposits was \$553,087 and the bank balance was \$561,829. The differences between the balances are the result of deposits in transit and checks issued by the Township but not yet presented for payment. The risk exposure of the bank balance at March 31, 2004 is as follows:

Insured	\$ 152,436
Uninsured	409,393
	<hr/>
Total cash and restricted cash and investments	\$ 561,829
	<hr/>



TOWNSHIP OF QUINCY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED MARCH 31, 2004

NOTE C - TAXES RECEIVABLE

The Township is a general law township and levies property taxes on December 1 of each year. They are collected by the Township's treasurer from December 1 to February 28.

Taxes receivable represent real property taxes and administrative fees returned delinquent to the County of Branch. The real property taxes and administrative fees in the amount of \$9,998 will be paid to the Township by the County of Branch in April, 2004.

NOTE D - SPECIAL ASSESSMENT RECEIVABLE

Two special assessment districts have been established for local road improvements. The general fund of the Township is financing the construction and assessing the particular residents their cost of the improvements over a five year period plus 6% interest on the outstanding balance over one year.

In accordance with GASB #6, the special assessment receivable has been recorded in the general fund. The special assessment receivable, at March 31, 2004, can be summarized as follows:

Delinquent	\$ 935
Current	6,791
Deferred	7,210
Total	<u>\$ 14,936</u>

The current and deferred special assessment receivable will be levied during 2004 and subsequent years and, therefore, is recorded as deferred revenue until levied and realizable.

NOTE E - DUE FROM/TO OTHER FUNDS

The due from/to other funds, at March 31, 2004, can be summarized as follows:

General Fund:	
Due from Tax Collection Fund	<u>\$ 104</u>

TOWNSHIP OF QUINCY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED MARCH 31, 2004

NOTE F - NOTE RECEIVABLE

The Township received a Federal grant for the purposes of establishing a revolving loan fund. The balance of the note receivable at March 31, 2004 was \$22,988. The note is due from a Corporation and requires monthly payments of \$990, including interest at 7%, and is due April, 2006.

NOTE G - RESTRICTED ASSETS

Restricted assets, at March 31, 2004, are as follows:

Revolving Loan Fund:

Cash	\$ 42,436
Investments	8,687
Notes receivable	22,988

Total Revolving Loan Fund  
restricted assets

74,111

Cemetery Perpetual Care Fund:

Cash	2,933
Investments	78,700

Total Cemetery Perpetual Care  
Fund restricted assets

81,633

Total restricted assets

\$ 155,744

Restricted assets and reserved fund balance in the Revolving Loan Fund are for future loans. Restricted assets and reserved fund balance in the Cemetery Perpetual Care Fund are the result of contributions and unexpended investment income. The Township is required to invest those funds and use the interest from investments for the perpetual care of certain cemetery lots.

TOWNSHIP OF QUINCY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED MARCH 31, 2004

NOTE H - PROPERTY, BUILDING AND EQUIPMENT

Changes in property, building and equipment are as follows:

	Balance April 1, 2003	Additions	Deletions	Balance March 31, 2004
Land	\$ 30,346	\$ -	\$ -	\$ 30,346
Land improvements	10,086	-	-	10,086
Building and improvements	310,292	3,300	-	313,592
Equipment	128,797	47,500	30,000	146,297
Office furniture	28,809	3,121	-	31,930
Total	\$ 508,330	\$ 53,921	\$ 30,000	\$ 532,251

NOTE I - PENSION PLAN

The Township maintains a defined contribution pension plan for substantially all employees. The Township employees must have attained 21 years of age with no minimum service requirements to become fully vested. The employees are required to contribute one-fourth of the premium, with the Township contributing three-fourths of the premium. Employees may make further voluntary contributions in accordance with the plan.

The total covered payroll under the pension plan for 2004 amounted to \$66,968 compared to \$86,735 of total 2004 payroll.

The annual contributions to the plan are based on percentages at different compensation levels. The required contribution made to the plan for the year ended March 31, 2004 amounted to \$4,895.

NOTE J - COMPLIANCE WITH STATE REGULATIONS

State of Michigan Laws require that a local unit not incur expenditures in excess of the amount appropriated.

In the body of the general purpose financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional level. The approved budgets were adopted on a functional level. During the year, the Township incurred expenditures within certain functions, which were in excess of the amounts appropriated.

TOWNSHIP OF QUINCY

NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEAR ENDED MARCH 31, 2004

NOTE K - RISK MANAGEMENT

The Township of Quincy is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries. The Township has purchased commercial insurance for the coverage of the above discussed events.

# Rumsey & Watkins, P.C.

Certified Public Accountants and Business Advisors

20 Tibbits Plaza • Coldwater, Michigan 49036  
Phone (517) 279-7931 • FAX (517) 278-7087

November 19, 2004

To the Supervisor and  
Members of the Township Board  
Township of Quincy  
Branch County, Michigan

## INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

In connection with our audit of the general purpose financial statements of the Township of Quincy for the year ended March 31, 2004, the accompanying additional information, as listed in the table of contents, is submitted as additional analytical data. Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The additional information is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such additional information has been subjected to the procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Rumsey & Watkins, P.C.*  
RUMSEY & WATKINS, P.C.

TOWNSHIP OF QUINCY  
 ADDITIONAL INFORMATION  
 GENERAL FUND  
 STATEMENT OF EXPENDITURES COMPARED TO BUDGET  
 FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b>GENERAL GOVERNMENT</b>			
<b>TOWNSHIP BOARD</b>			
Trustees and Planning			
Board salaries	\$	\$ 5,219	\$
Payroll taxes		6,635	
Pension		4,895	
Professional fees		20,634	
Dues and memberships		1,595	
Insurance and bonds		7,293	
Supplies		597	
Bank charges		30	
Printing and publication		153	
Utilities		1,787	
Repair and maintenance		1,030	
	<hr/>	<hr/>	<hr/>
Total Township Board expenditures	44,167	49,868	5,701
<b>SUPERVISOR</b>			
Salary		11,000	
Dues and memberships		50	
Supplies		1,000	
	<hr/>	<hr/>	<hr/>
Total Supervisor expenditures	12,150	12,050	(100)
<b>ELECTIONS</b>			
Travel		53	
Printing and publication		80	
	<hr/>	<hr/>	<hr/>
Total Elections expenditures	2,250	133	(2,117)

TOWNSHIP OF QUINCY

ADDITIONAL INFORMATION

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET - Continued  
FOR THE YEAR ENDED MARCH 31, 2004

	Budget	Actual	Over (Under) Budget
<b>GENERAL GOVERNMENT - CONTINUED</b>			
<b>ASSESSOR</b>			
Contract labor		18,191	
Supplies		1,306	
Printing and publication		3,378	
Computer maintenance		760	
Miscellaneous		82	
Capital outlay		2,042	
<b>Total Assessor expenditures</b>	<b>23,050</b>	<b>25,759</b>	<b>2,709</b>
<b>CLERK</b>			
Salary		12,815	
Supplies		1,086	
Printing and publication		278	
Travel		25	
Repair and maintenance		1,085	
Capital outlay		1,079	
<b>Total Clerk expenditures</b>	<b>13,915</b>	<b>16,368</b>	<b>2,453</b>
<b>TREASURER</b>			
Salary		14,015	
Supplies		3,047	
Travel		23	
Printing and publication		648	
Miscellaneous		294	
<b>Total Treasurer expenditures</b>	<b>16,665</b>	<b>18,027</b>	<b>1,362</b>

## TOWNSHIP OF QUINCY

## ADDITIONAL INFORMATION

## GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET - Continued  
FOR THE YEAR ENDED MARCH 31, 2004

	Budget	Actual	Over (Under) Budget
<b>GENERAL GOVERNMENT - CONTINUED</b>			
<b>CEMETERY</b>			
Salaries		33,141	
Supplies		1,660	
Printing and publishing		307	
Repair and maintenance		2,466	
Perpetual care		7,400	
Insurance		5,842	
Utilities		1,053	
Rental		3,515	
Miscellaneous		885	
Capital outlay		3,300	
Total Cemetery expenditures	54,004	59,569	5,565
Total General Government expenditures	166,201	181,774	15,573
<b>PUBLIC SAFETY</b>			
<b>FIRE PROTECTION</b>			
Fire protection		48,824	
Capital outlay		47,500	
Total fire protection	106,924	96,324	(10,600)
<b>ZONING AND BUILDING COMMISSIONER</b>			
Salaries		6,180	
Supplies		85	
Travel		249	
Printing and publication		1,674	
Total Zoning and Building Commissioner expenditures	7,280	8,188	908
Total Public Safety expenditures	114,204	104,512	(9,692)



TOWNSHIP OF QUINCY

ADDITIONAL INFORMATION

GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET - Continued  
FOR THE YEAR ENDED MARCH 31, 2004

	Budget	Actual	Over (Under) Budget
PUBLIC WORKS			
Road maintenance and construction		12,238	
Drains		3,984	
Total Public Works expenditures	42,000	16,222	(25,778)
CULTURAL			
LIBRARY			
Salary		4,365	
Supplies		173	
Repair and maintenance		5,990	
Insurance		4,147	
Total Library expenditures	11,565	14,675	3,110
Total expenditures	\$ 333,970	\$ 317,183	\$ (16,787)

TOWNSHIP OF QUINCY  
 ADDITIONAL INFORMATION  
 FIDUCIARY FUND TYPES  
 COMBINING BALANCE SHEET  
 MARCH 31, 2004

ASSETS

	Agency	Tax Collection
Cash	\$ 6	\$ 104
Restricted assets:		
Cash	-	-
Investments	-	-
	<hr/>	<hr/>
Total assets	<hr/> \$ 6	<hr/> \$ 104

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to other funds	\$ -	\$ 104
Due to other governmental units	6	-
Due to pension plan	-	-
	<hr/>	<hr/>
Total liabilities	6	104

FUND BALANCE  
 Reserved

	<hr/> -	<hr/> -
Total liabilities and fund balance	<hr/> \$ 6	<hr/> \$ 104

Cemetery Perpetual Care	Totals	
	March 31, 2004	2003
\$ -	\$ 110	\$ 278
2,933	2,933	3,807
78,700	78,700	78,700
<u>\$ 81,633</u>	<u>\$ 81,743</u>	<u>\$ 82,785</u>

\$ -	\$ 104	\$ 81
-	6	-
-	-	197
-	110	278
<u>81,633</u>	<u>81,633</u>	<u>82,507</u>
<u>\$ 81,633</u>	<u>\$ 81,743</u>	<u>\$ 82,785</u>

TOWNSHIP OF QUINCY  
 ADDITIONAL INFORMATION  
 AGENCY FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED MARCH 31, 2004

	Balance April 1, 2003	Receipts	Disburse- ments	Balance March 31, 2004
<b>ASSETS</b>				
Cash	\$ 197	\$ 27,941	\$ 28,132	\$ 6
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ 212	\$ 212	\$ -
Due to Branch County:				
State education	-	848	848	-
County operation	-	212	212	-
Due to State of Michigan	-	2,904	2,904	-
Due to Federal government	-	17,975	17,969	6
Due to pension plan	197	5,790	5,987	-
Total liabilities	\$ 197	\$ 27,941	\$ 28,132	\$ 6

TOWNSHIP OF QUINCY  
 ADDITIONAL INFORMATION  
 TAX COLLECTION FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED MARCH 31, 2004

	Balance April 1, 2003	Receipts	Disburse- ments	Balance March 31, 2004
<b>ASSETS</b>				
Cash	\$ 81	\$2,591,921	\$2,591,898	\$ 104
<b>LIABILITIES</b>				
Due to other funds	\$ 81	\$ 116,288	\$ 116,265	\$ 104
Due to schools	-	803,936	803,936	-
Due to Branch County:				
County operations	-	598,742	598,742	-
Intermediate schools	-	630,264	630,264	-
State education	-	393,533	393,533	-
Due to State of Michigan	-	29,942	29,942	-
Due to Village of Quincy	-	7,680	7,680	-
Refund to taxpayers	-	11,536	11,536	-
Total liabilities	\$ 81	\$2,591,921	\$2,591,898	\$ 104

# Rumsey & Watkins, P.C.

Certified Public Accountants and Business Advisors

20 Tibbits Plaza • Coldwater, Michigan 49036  
Phone (517) 279-7931 • FAX (517) 278-7087

November 19, 2004

To the Members of the  
Township Board  
Township of Quincy  
Branch County, Michigan

In the planning and performing our audit of the financial statements of the Township of Quincy for the year ended March 31, 2004, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the Township of Quincy's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following reportable conditions that we believe to be material weaknesses.

During the course of the audit, we noted that receipts for the General Fund were not posted to the general ledger for the 2003-2004 fiscal year. It was also noted that reconciliations of bank statements were not completed by the Clerk, and only the General Fund activity was posted in the general ledger system. We recommend the Township receive training to become proficient in recording amounts in the general ledger. We would also recommend that all of the funds are posted in the general ledger to keep accurate records for the Township.

We also would like to comment on the following items:

The Township did not present beginning and ending fund balances when adopting their annual budgets. The use of the beginning and ending fund balances should be included in the annual budgets to determine the ending fund balance of each fund is in a positive state.

The Governmental Accounting Standards Board has issued Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Governments with less than \$10 million in revenues will apply this Statement for periods beginning after June 15, 2003. This Statement will change the financial statement presentation for the Board and require written management discussions to be included within the financial statements. As we discussed in prior management letters, this issue appeared to be in the distant future, however, as the date indicates the Board must implement the new financial statement requirements for the next audit.

The Township must first decide whether they want to comply with the requirements of GASB 34. Many local governmental units have expressed dissatisfaction with GASB 34, in that they feel the cost of implementing the statement exceeds the benefit of the additional information. The Local Audit and Finance Division of the Treasury Department of the State of Michigan is responsible for overseeing compliance. The Local Audit Division has determined that omission of various items required by GASB 34 will not result in any sanctions or in a request for remediation. The only issue of concern is the auditor's opinion may need to be modified for departures from generally accepted accounting principles, and would result in an adverse opinion. Based on the current situation of the Township, we feel the effort and additional cost required exceeds the value of the additional information generated and would provide little, if any, benefit. This will need to be an item discussed at the board level.

This report is intended solely for the information and use of the Township of Quincy, State of Michigan, management, and others within the administration and is not intended to be and should not be used by anyone other than these specified parties.

We would like to thank the Townships' officials Connie Karney and Gene Brand for their assistance during the audit. After reviewing this letter, we would be glad to discuss any of these matters further with you and assist in the implementation of any corrective actions.



RUMSEY & WATKINS, P.C.